

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE APPLICATION OF</b>	)	<b>ORDER APPROVING</b>
<b>BLACK HILLS POWER, INC. FOR AN ORDER</b>	)	<b>APPLICATION</b>
<b>AUTHORIZING IT TO ENTER INTO LOAN</b>	)	
<b>AGREEMENTS TO ASSUME LIABILITY OF</b>	)	<b>EL04-027</b>
<b>THE PAYMENT OF POLLUTION CONTROL</b>	)	
<b>REVENUE REFUNDING BONDS ISSUED BY</b>	)	
<b>PENNINGTON COUNTY, SOUTH DAKOTA,</b>	)	
<b>WESTON COUNTY, WYOMING AND</b>	)	
<b>CAMPBELL COUNTY, WYOMING</b>	)	

On September 13, 2004, the Public Utilities Commission (Commission) received an application from Black Hills Power, Inc. (BHP) requesting authority to enter into loan agreements pursuant to which BHP will assume liability of the payment of: (1) \$2,050,000 pollution control refunding revenue bonds to be issued by Pennington County, South Dakota, (2) \$2,850,000 pollution control revenue bonds to be issued by Weston County, Wyoming, (3) \$1,550,000 pollution control refunding revenue bonds to be issued by Campbell County, Wyoming, and (4) \$12,200,000 pollution control refunding revenue bonds to be issued by Campbell County, Wyoming. In 1977 and 1984, the South Dakota Public Utilities Commission approved applications by Black Hills Power, Inc. (BHP) allowing assumption of the obligation to pay principal, interest and premium due on bonds issued by Pennington County, South Dakota, Weston and Campbell Counties in Wyoming and the City of Gillette. The bond proceeds were used to pay for pollution control equipment on generating units located within the area of the issuer's jurisdiction. The initial bonds were subsequently refunded by BHP and new bonds were issued. In 1992, the Commission approved BHP's assumption of obligation under the new bonds. BHP now requests to refund the new bonds by entering into loan agreements to assume the liability for bonds to be issued by the above Counties which will be used to refund the bonds which were the subject of the Commission's 1992 Orders.

BHP is a public utility as described in SDCL Ch. 49-34A and is engaged in the generation, transmission, distribution, purchase and sale of electric power and energy through an interconnected transmission network and a territory that serves approximately 61,148 customers located in western South Dakota, eastern Wyoming and southeastern Montana. BHP's gross operating revenues received from the sale of electric power and energy and transmission service derived from operations by states are approximately 79 percent in South Dakota, 20 percent in Wyoming and 1 percent in Montana.

At its regularly scheduled meeting of October 12, 2004, the Commission discussed final approval of the application. Commission Staff recommended approval of the application.

The Commission has jurisdiction over this matter pursuant to SDCL 49-34A,

specifically 49-34A-29 to 49-34A-34. A formal hearing is not required in this matter under SDCL 49-34A-33. The Commission unanimously voted to approve the application. It is therefore

ORDERED, that BHP shall be authorized to enter into loan agreements pursuant to which BHP will assume liability of the payment of: (1) \$2,050,000 pollution control refunding revenue bonds to be issued by Pennington County, South Dakota, (2) \$2,850,000 pollution control revenue bonds to be issued by Weston County, Wyoming, (3) \$1,550,000 pollution control refunding revenue bonds to be issued by Campbell County, Wyoming, and (4) \$12,200,000 pollution control refunding revenue bonds to be issued by Campbell County, Wyoming; and it is

FURTHER ORDERED, that neither entering into the loan agreements by BHP pursuant to the provisions of this order nor any other act or deed done or performed in connection therewith shall be construed to obligate the state of South Dakota to pay or guarantee in any manner whatsoever a security authorized, issued, assumed or guaranteed hereunder; and it is

FURTHER ORDERED, that entering into the loan agreements by BHP pursuant to the provisions of this order shall not be construed to mean that the Commission is in any way bound at some future date from finding BHP's capital structure in need of adjustment.

Dated at Pierre, South Dakota, this 26th day of October, 2004.

<p style="text-align: center;"><b>CERTIFICATE OF SERVICE</b></p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.</p> <p>By: _____</p> <p>Date: _____</p> <p style="text-align: center;">(OFFICIAL SEAL)</p>
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BY ORDER OF THE COMMISSION:

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ROBERT K. SAHR, Chairman

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GARY HANSON, Commissioner

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JAMES A. BURG, Commissioner